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State of Idaho  
Legislative Services Office  
Management Report

A communication to the Joint Finance-Appropriations Committee

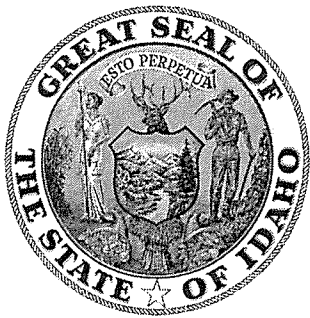
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**PEACE OFFICERS STANDARDS  
AND TRAINING ACADEMY**

**FY 2006, 2007, and 2008**

**Report IC33308  
Date Issued: June 1, 2009**

*Serving Idaho's Citizen Legislature*



Don H. Berg, Manager  
Legislative Audits Division

**Idaho Legislative Services Office  
Legislative Audits Division**

**PEACE OFFICERS STANDARDS  
AND TRAINING ACADEMY**

## **SUMMARY**

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### **PURPOSE OF MANAGEMENT REVIEW**

We conducted a management review of the Peace Officers Standards and Training Academy (POST) covering the fiscal years ended June 30, 2006, 2007, and 2008. This review was conducted at the request of the Legislature and the director of the Idaho State Police (ISP), in part due to a supplemental budget request during the 2008 legislative session for an unpaid contract bill that was more than four years old. Our review was primarily focused on contracting policies and procedures and included tests of compliance with statewide purchasing requirements, accounting and internal control procedures over contracts, and other general financial and operating activities.

This is the first separate management review for POST Academy. In prior years, the review of this activity was combined with the review of ISP. There were no findings and recommendations pertaining to POST Academy in the prior ISP review, which covered the fiscal years 2003, 2004, and 2005, and is available on our Web site.

### **CONCLUSION**

Our review of POST Academy and the related contracting procedures of the ISP Purchasing Department disclosed weaknesses in contracting processes and compliance with State purchasing regulations. We also identified internal control weaknesses related to contract development, monitoring, and approval processes.

### **FINDINGS AND RECOMMENDATIONS**

There are five findings and recommendations in this report.

1. Significant irregularities exist in the bid evaluation process for the cafeteria meal services contract.
2. The selection process for professional services contractors is not formally established or documented.

3. Additional efforts are needed to track outstanding obligations on smaller contracts.
4. The "deliverable" for several professional services contracts is vague or missing.
5. Approvals for federal "Children at Risk Task Force" expenditures are not clearly documented.

The complete findings are detailed on pages 1 through 6. A copy of this report is available at <http://www.legislature.idaho.gov/audit/auditsummaries.htm> or by calling 208-334-4832.

#### **AGENCY RESPONSE**

ISP and POST Academy has reviewed this report and submitted responses, which are included in the Findings and Recommendations section of this report.

#### **FINANCIAL INFORMATION**

The following financial data is for informational purposes only.

	<u>Fiscal Year 2006</u>	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2008</u>
Personnel	\$1,406,457	\$1,451,318	\$1,576,488
Operating Expense	1,709,251	1,906,702	2,212,731
Capital Outlay	243,459	108,449	115,978
Trustee and Benefits	<u>116,527</u>	<u>125,852</u>	<u>112,556</u>
Total Expenditures	<u><u>\$3,475,694</u></u>	<u><u>\$3,592,321</u></u>	<u><u>\$4,017,754</u></u>

This report is intended solely for the information and use of the State of Idaho and Post Academy and is not intended to be used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the executive director, Jeff Black, and his staff.

#### **ASSIGNED STAFF**

Eugene Sparks, CPA, CGFM, Managing Auditor

Kathleen Watkins, CPA, In-Charge Auditor

Sally Fong, Staff Auditor

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# FINDINGS AND RECOMMENDATIONS

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## FINDING 1

Significant irregularities exist in the bid evaluation process for the cafeteria meal services contract.

For large contracts that require bidding, all phases of the bidding process, evaluation, and awarding of the contract are performed by Idaho State Police (ISP) Purchasing Department and the State Division of Purchasing with minimal input from POST Academy staff. POST Academy's largest contract is for cafeteria meal services. This contract was rebid in January 2008 and awarded to the contractor who has provided meal services to POST Academy since 1994. The contract was awarded in the amount of \$329,306 per year, an increase of nearly \$61,500 (23%) over the prior contract. The majority of this contract is paid for by POST Academy, with about 10% paid by ISP.

Two bids were received in response to the Request for Proposal (RFP). The evaluation and scoring documents showed the winning bidder had a score of 815, and the competing bidder had a score of 812, a difference of only 3 points. We evaluated the bidding process and examined documentation for compliance with State purchasing procedures and requirements, and identified significant irregularities as follows:

a) The scoring of bid proposals did not follow the point values listed in the RFP. The RFP lists the point values for each specific area, but the values listed for Scheduled Food Service Experience (50 points) and Cafeteria Food Service Experience (100 points) were switched. We recalculated the scores and concluded that the contract would have been awarded to the competing bidder if these point values had been correctly applied.

b) Evaluation and scoring documents were changed after the initial review of bid proposals. Bid proposals were initially evaluated and scored independently by three employees of ISP. However, the scoring documents were later changed when these employees met and evaluated the scores together. As a result of this meeting, all three scoring documents were identical with the exception of 1 point. These changes reduced the scores for both bidders, with the competing bidder's score reduced by 101 points and the winning bidder's score by 26 points. This meeting and adjustment of the scores appear to compromise the independent evaluation process and raise questions concerning potential biases in scoring and selecting the winning bidder.

c) Errors were made in scoring for "major suppliers" and "years of experience" categories. Evaluation documents indicate that 1 point would be scored for every major supplier listed, with additional points for the number of years of experience. The competing bidder was given 3 points for this category even though their bid proposal identified 5 major suppliers. In addition, the winning bidder was given 4 points for the number of years of experience, but their bid proposal did not specify the number of years.

d) The scoring for the number of employees was inconsistent. To evaluate the business background of each bidder, points were given for the number of full-time and part-time employees. The winning bidder identified 6 full-time and 5 part-time employees, and received full credit of 30 points. The competing bidder indicated 4,555 full-time employees,

but listed no part-time employees and received 18 points. The scoring for this factor appears inconsistent given the nature of the responses by the bidders.

e) The RFP requirement to provide specific employee data appears to favor the existing contractor. The RFP required bidders to submit the resumes of the business owner, contract manager, chief cook/chef, and shift leaders, and include the names and years of experience for each individual. The existing contractor could readily provide this data and received full credit of 50 points for this category.

The competing contractor provided the required data for only the business owner and contract manager, as the individuals that would fill the other positions were not specifically known. Job descriptions were submitted for all positions, but the competing contractor received only 14 points since they did not provide the required resumes. The requirement to identify specific staff in each position appears unnecessary and favors the existing contractor.

The irregularities in the bid evaluation process indicate that established purchasing procedures and requirements were not followed, which resulted in the improper selection of the cafeteria meal services contractor.

## **RECOMMENDATION 1**

**We recommend that POST Academy follow established bid evaluation processes, apply scoring consistently, and become more involved in the bidding and selection processes. We also recommend that POST Academy determine whether the contract should be re-bid based on the identified issues.**

### **AGENCY'S CORRECTIVE ACTION RESPONSE**

- 1. Significant irregularities exist in the bid evaluation process for the cafeteria meal services contract.**

Idaho State Police followed established bid evaluation processes and applied scoring consistently as directed from the Division of Purchasing (DOP) for the cafeteria meal services contract and as called for in the published Request for Proposal (RFP). Additionally, the bid evaluation process followed by ISP is in accordance with nationally recognized purchasing evaluation processes.

There were complicating factors with the cafeteria meal services contract that caused difficulties when evaluating the bids: a calculation mistake that was not discovered through the oversight process and a poor bid response from one of the proposers. The contract was issued by the DOP, not the POST Academy or ISP. It is DOP's decision whether the contract should be re-bid based on identified issues. The winning bidder has been notified that the current contract will not be renewed when it comes up for renewal.

On a 1,000-point scale, the difference was 3 points. After adjusting the score for the calculation error, the difference between the two scores was 0.6541 of 1,000 points.

## **FINDING 2**

The selection process for professional services contractors is not formally established or documented.

POST Academy contracts for a variety of professional services including instructors, consultants, and role-players. Contractors are generally selected based on availability, expertise, and other factors.

We noted that certain contractors were selected for multiple periods and services each year, some of whom were former POST Academy employees. The basis for selecting contractors is not documented, and no written policies or procedures exist to establish a consistent and unbiased method. Although these contracts are under the dollar limit for formal bidding required by State purchasing requirements, we are concerned that the absence of formal procedures and documentation for selecting contractors could raise issues of favoritism or other matters.

## **RECOMMENDATION 2**

**We recommend that POST Academy develop policies and procedures for the selection of contractors and document the selection process in the contract files.**

### **AGENCY'S CORRECTIVE ACTION RESPONSE**

#### **2. The selection process for professional services contractors is not formally established or documented.**

Our Purchasing Agent is working closely with POST to develop policies and procedures for the selection of contractors and will document the selection process in the contract files. Although POST's current practice does not violate any purchasing rules, regulations, or statutes, we agree that closer scrutiny and documentation is a better business practice. We will also be tracking these contracts in our financial system.

## **FINDING 3**

Additional efforts are needed to track outstanding obligations on smaller contracts.

During the 2008 legislative session, POST Academy requested additional spending authority to pay a contract obligation that was several years old. Part of our review focused on contracting activities to ensure that processes and controls exist to properly track and pay outstanding obligations.

We determined that appropriate controls and tracking methods are applied to large contracts, but smaller contracts and purchase orders for instructors and other professional services are not always monitored or recorded in the financial system. Although the amounts involved in these contracts and purchase orders are generally small, there is a significant volume, which raises the possibility that some of these could remain unpaid for extended periods and not be detected.

Without a method of tracking these outstanding obligations, the situation could once again occur where POST Academy is unaware of outstanding prior obligations.

### RECOMMENDATION 3

**We recommend that POST Academy apply existing controls and tracking over all contracts and purchase orders to ensure that all obligations are paid as required.**

#### AGENCY'S CORRECTIVE ACTION RESPONSE

**3. Additional efforts are needed to track outstanding obligations on smaller contracts.**

Our Purchasing Agent is working closely with POST to develop policies and procedures for the selection of contractors and will document the selection process in the contract files. Specific and measurable deliverables will now be identified on these contracts. Our current financial system has existing controls and tracking over contracts and purchase orders to ensure that all obligations are paid as required; the smaller contracts that have a set contract total dollar amount will now be included in the system.

### FINDING 4

The "deliverable" for several professional services contracts is vague or missing.

The expected outcome or "deliverable" for professional services contracts should be clearly identified and measurable to ensure that intended services were provided and acceptable.

We identified several contracts where the description of services was vague or not measurable. For example, one contract states "coordinate, schedule, evaluate, supervise, and complete all paperwork related to the DVPBLT." Another required the contractor to "provide services for domestic violence...training, July 25 and 26, 2006, in Shoshone County and Coeur d'Alene, ID." In both instances, no evidence was available to determine whether services were provided as intended.

When contract terms are vague, it is difficult to determine whether the contract has been adequately performed. This situation can lead to contract disputes and payment on incomplete contracts.

### RECOMMENDATION 4

**We recommend that POST Academy identify specific contract "deliverables" that can be measured to ensure that intended services were provided and acceptable.**

#### AGENCY'S CORRECTIVE ACTION RESPONSE

**4. The "deliverable" for several professional services contracts is vague or missing.**

Our Purchasing Agent is working closely with POST to develop policies and procedures for the selection of contractors and will document the selection process in the contract files. Specific and measurable deliverables will now be identified on these contracts. Our current financial system has existing controls and tracking over contracts and purchase orders to ensure that all



obligations are paid as required; the smaller contracts that have a set contract total dollar amount will now be included in the system. Contracts with no set amount will have a "total not to exceed" provision included.

## **FINDING 5**

### Approvals for federal "Children at Risk Task Force" expenditures are not clearly documented.

POST Academy entered into a contract with the Idaho Department of Health and Welfare to provide support for the Children at Risk Task Force. Costs may be authorized by task force leadership, the POST Council, or by a group of POST Academy employees. However, the approval of expenditures is not clearly linked to the group that authorized the cost. We also noted that contract costs for support services to the task force were not reviewed or approved by the task force, which creates a significant control weakness and raises the risk for errors or other irregularities to occur and go undetected.

The meeting minutes of the task force generally lack evidence of approvals or discussions of the merits of projects, or how particular actions or decisions meet the strategic goals of the task force or the federal grant. These meeting minutes should include evidence of the approval of costs and support the actions of the task force in meeting strategic goals.

Although no unallowable costs were identified during our limited evaluation, the lack of formal approvals raises the risk of improper payments and possible refund of grant funds to the grantor.

## **RECOMMENDATION 5**

**We recommend that POST Academy request the task force to document its discussions and approvals for all program-related expenditures and the merits of funded projects. This evidence is essential to provide accountability and compliance with federal grant requirements and improve internal control over the expenditure process.**

## **AGENCY'S CORRECTIVE ACTION RESPONSE**

### **5. Approvals for federal "Children at Risk Task Force" expenditures are not clearly documented.**

POST agrees that decisions made regarding some expenditures made by, or on behalf of, the Governor's Task Force on Children at Risk were not adequately documented. POST was working with the Task Force to address some of these concerns during the past year. In the meantime, the Task Force and the Idaho Department of Health and Welfare (H&W) issued a request for bids to enter into a new contract for management of the Task Force. POST chose not to bid on that contract, and as of January 1, 2009, H&W has contracted with a private entity for those management services.

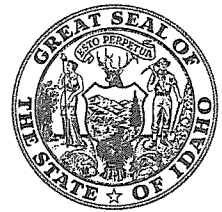
# AGENCY RESPONSE

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# Idaho State Police

Service since 1939



Colonel G. Jerry Russell  
Director

C.L. "Butch" Otter  
Governor

To: Don Berg, Manager  
Legislative Audit Division

From: *G. Jerry Russell*  
Colonel G. Jerry Russell, Director  
Idaho State Police

Date: May 1, 2009

Subject: ISP Audit Response of POST

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The Idaho State Police (ISP) has reviewed the Management Report for the Peace Officer Standards and Training Academy (POST) for FY 2006 – 2008. I appreciate the Legislative Services Office taking the time to perform this review, out-of-cycle, to address concerns I had regarding POST. I would also like to thank your staff for their thorough and professional efforts in this review.

# APPENDIX

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## **PURPOSE**

POST Academy is a progressive and technologically advanced training facility that strives to ensure all Idaho peace officers receive a strong foundation in their prospective criminal justice profession through cutting-edge instruction. The academy reaches into all corners of the criminal justice field, offering basic entry training to patrol officers, detention and correction officers (both adult and juvenile), probation and parole officers, and communication specialists.

In addition to providing training, POST Academy also sets training requirements and standards for law enforcement training provided by others in Idaho. In State fiscal year 2008, POST provided 557 individual students with a total of 138,536 training hours in basic training academies. In response to the requirement that peace officers must acquire 40 hours of ongoing training every 2 years, POST Academy's Regional Training Centers program coordinated another 233,322 hours of in-service training around the State of Idaho in fiscal year 2008.

POST Academy is further charged with the task of setting high ethical and professional standards for certification of peace officers employed in Idaho, certifying those who meet those standards, and tracking the careers of Idaho certified peace officers. Peace officers who fail to maintain those high ethical and professional standards can have their certification as a peace officer revoked by the POST Council, precluding them from ever serving as a peace officer in Idaho again. At the end of fiscal year 2008, POST Academy had 2,917 active, certified Idaho peace officers in its tracking system.

## **STATUTORY AUTHORITY**

The Idaho Peace Officers Standards and Training Council is authorized in Idaho Code at Title 19, Chapters 5101 through 5117.

## **FUNDING**

Funding for the Idaho Peace Officers Standards and Training Council comes from fines and fees collected by Idaho counties under Title 31 Chapter 32 (31-3201 A and 31-3201 B).